



Chinese tourists global economy impact: How Chinese tourists are taking over the world

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By 2021 Chinese tourists will spend \$US429 billion overseas. *Photo: Shutterstock*

One of the strongest drivers of global economic growth isn't factories or financial services or internet startups, it's what we do when we're not working. We are becoming a planet of tourists.

Consider this: For the past seven years, the travel-and-tourism sector has outperformed the overall economy every year, contributing as much as \$US7.6 trillion (\$A9.71 trillion) in 2016, including the wider impact on the economy, according to the World Travel & Tourism Council. During the next decade, the council predicts, almost one in four jobs created worldwide will be related to tourism.

Nowhere is this revolution more dramatic than in Asia.

A rising tide of travellers from China is spreading out across the region, out-shopping, outspending and out-eating every other nation. They are filling hotels, tour buses and cruise ships. They are overwhelming airports and train stations, and they are sending home petabytes of pictures that encourage their compatriots to join the global invasion. Their ranks are being swollen by millions of others from around Asia, a generation who would rather raise their status with a foreign adventure than with a luxury bag.

"People's personal brands are being defined by the places they visit," said Simon Russell, chief executive officer of London-based luxury travel group Scott Dunn, which last month bought rival Country Holidays Travel from Singapore to expand its Asian clientele.

China already accounts for more than a fifth of the money spent by outbound tourists, twice as much as the next-biggest spender, the U.S., according to the United Nations World Tourism Organisation. And the Chinese have barely started - only around 5 percent of them even have passports, and the government is issuing about 10 million new travel documents every year.

As with Japan in the 1980s, citizens of nations that get rich, go places. The emerging nations of Asia-Pacific will add more than 50 million new outbound travellers in the five years ending in 2021, according to Mastercard Inc.



Overwhelmingly, they come from a smartphone-addicted generation that is rewriting the rules. The ubiquitous flag-following Chinese tour groups are giving way to what the industry calls FITs - free, independent travellers - who are using the internet to plan itineraries, book flights, translate signs and chronicle their exploits.

"A lot of customers are wanting to do things their way," said Chang Theng Hwee, a Singaporean who quit banking 25 years ago to build a travel business that offers bespoke holidays for wealthy Asians in destinations like Antarctica and the Himalayas. "They're not interested in joining a group."

The shift is transforming the region, unleashing more than \$US100 billion in infrastructure spending for bigger airports and jet fleets, new railways, hotels and theme parks. The effects of this boom include soaring property prices, stress on the environment and an avalanche of apps and innovations that reimagine the way we experience the world.

By 2021, Chinese tourists will spend \$US429 billion abroad, according to a report by CLSA. And they are spreading out. Weekend jaunts to the shops in Hong Kong or the casinos in Macau are being usurped by new favorite destinations. During the next three years, Japan, Thailand, the US and Australia top the must-visit list, according to the report, with other destinations in Southeast Asia - especially Singapore, Indonesia, Malaysia and the Philippines - following close behind.

For developing nations, that's putting a strain on infrastructure, underpinning the biggest airport-building program in the region's history. Thailand doesn't have a single international airport that isn't way over its designed capacity, and long lines at immigration are common. At least 178 new airports are planned in Asia-Pacific, according to Visa Inc., and hundreds of existing facilities are being expanded or upgraded.

The result is a second revolution in tourism in the region - one that is being fuelled by social media: the opening up of more islands, cities and remote locales to divert holidaymakers from the overcrowded and increasingly jaded tourist hotspots of the 1990s and 2000s.

Indonesia has a plan to create "10 Balis," targeting places like the former World War II battleground of Morotai Island for new holiday destinations. Thailand, which heavily promotes tourism under the banner "Amazing Thailand," has teamed up with Japan to build a high-speed railway that would open up places along the route to the north of the country. Neighbor Malaysia is countering with its own cross-country rail project to the coasts of Kelantan and Terengganu, states promoted this year in the capital's international airport under a "Joyful Malaysia" campaign.

At the heart of the changes transforming the industry is the nexus of internet, smartphone and big data.

"Travel was one of the first industries to actually be digitised, going all the way to the 1950s," said Douglas Quinby, an Atlanta-based travel analyst at research firm Phocuswright Inc. "It's only in the last five to seven years that there have been the tools to process such incredible amounts of data."

Quinby says China is leading the world in many mobile innovations and applications. At the head of the pack is Ctrip.com International Ltd., based in Shanghai. Ctrip is China's dominant online travel-booking platform and second in the world by market value to U.S. service Priceline Group Inc., which is also a major investor. The database of information it has compiled on Chinese travelers is long and detailed.

"We have all of the user data," said Jenna Qian, head of destination marketing at CTrip. The company monitors bookings, searches, user demographics and consumer life cycle data - every action by millions of Chinese tourists from the moment they begin to read about a location, to their habits and preferences while traveling. "From dream to research to booking to sharing, it all happens within our platform. Big data is the foundation of tourism."

The information makes Ctrip a valuable partner for both internet companies in China like Tencent Holdings and airlines and overseas agencies trying to get a share of the tourism yuan. The data helps predict hotel occupancy levels, ticket sales at attractions, traffic levels and scores of other travel-related trends.



The link is the smartphone, the tourist's connection with the web, a fact that has drawn dozens of startups to join the fray in Asia. They offer recommendations, information, tickets, discounts, guides, currency converters and a thousand other applications that give travellers a bigger choice, from Hong Kong-based Klook's experiential packages like an all-you-can-drink sake tasting in Tokyo, to Baidu Inc.'s augmented reality aided sign translator.

With visitors wielding tablets and smartphones, hotels and airlines are realising they don't need to fill planes and rooms with technology and content - they just need to give the customer control. The phone becomes the room key, the menu, the bill.

"There's absolutely no point in providing what people already have," said Hubert Viriot, chief executive officer of Yotel Ltd., which opened its first Asian hotel in Singapore in November. "Everybody has a smartphone." The London-based chain runs city-center properties with hundreds of small, high-tech, budget rooms that include features such as mood lighting and app-based electronic keys.

Viriot sums up the attitude of the new generation of traveller: "I don't need 10 guys on the ground floor with the gold keys to tell me how to travel. I've got a smartphone. I've got apps, social media. I know how to travel."

The ubiquity of the technology means it is now embedded into every strata of the market, from Yotel's high-density hubs to luxury island eco-lodges that you need a seaplane to reach.

Asia has long been on the map for well-heeled travellers. Hotelier Adrian Zecha started the first Aman Resort in 1988 in Phuket, Thailand, for an elite club of jetsetters. Four Seasons Holdings Inc. opened its first boutique resort in Chiang Rai in Thailand in 2005.

Zecha, who left Aman Resorts in 2015, is looking to exploit a new niche he calls "affordable" luxury through his Azerai brand, which opened its first property in Luang Prabang, Laos, last year.

"I noticed a new generation of younger people that is growing in numbers for whom taking holidays signifies an aspect of their lifestyle," Zecha said. "They might not be as wealthy as my Aman junkies, so my challenge is affordability."

From spa clinics like The Farm at San Benito in the Philippines to exclusive eco-resorts like Bawah Island in Indonesia, Asia offers hundreds of possibilities for super-luxury globetrotters. And developers are eyeing hundreds more. There are more than 13,000 uninhabited tropical islands in Indonesia and the Philippines alone, almost twice as many as all the islands in the Caribbean. Some, like Siroktabe, can be rented as a private desert island for a true Robinson Crusoe experience.

But the biggest money is to be made in drawing hordes of tourists together to one location, whether it be a casino resort in Singapore, an ancient temple in Cambodia, a giant theme park in China or the latest super-cruise ships like Royal Caribbean Cruises' Ovation of the Seas, which can cater to more than 4000 passengers as it sails the seas around China each summer.

That's when the real power of all the collected data comes into its own. For Ctrip's Qian, the possibilities are vast. By knowing where a traveller is, how they like to eat, what they like to buy, which hotels they prefer and so on, travel platforms can begin to move beyond providing a passive service and start actively influencing your holiday.

A passenger whose flight has been delayed and who hasn't bought a meal since they left home three hours ago might get a phone notification offering a 10 percent discount at the restaurant they're about to walk past after going through immigration. An airline could raise fares on a particular route after learning that pictures of that destination are suddenly trending on social media.

"Right now, users search for information," Qian said. "Going forward, we want the right information, the relevant information, to be pushed to them, so they don't even need to look for it. That's the essential goal."